GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

STARRED QUESTION NO:8
ANSWERED ON:24.07.2006
RISE IN PRICES
Pathak Shri Brajesh;Siddeswara Shri Gowdar Mallikarjunappa

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the prices of essential commodities including wheat, rice, pulses, sugar, edible oil, milk, vegetables etc. have continued to spiral despite the efforts of the Government to contain prices;

(b) if so, the details and reasons therefor indicating the comparative retail and wholesale prices of these commodities in June, 2005 and June, 2006;

(c) whether the Government proposes to import and also ban export of the essential commodities;

(d) if so, the details thereof indicating the revenue loss likely to be incurred as a result of this ban;

(e) whether steps have been taken/proposed to be taken to check black marketing, hoarding and speculation in these commodities; and

(f) if so, the details thereof alongwith the action taken against hoarders and speculators including the Multi National Companies?

Answer

MINISTER OF AGRICULTURE AND MINISTER OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION

(SHRI SHARAD PAWAR)

(a) to (f): A statement is laid on the table of the house.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (f) OF LOK SABHA STARRED QUESTION NO. 8 FOR 24/07/2006 REGARDING RISE IN PRICES

(a) : Prices of certain essential commodities such as wheat , sugar and pulses had registered an upward trend during the past few months. However, as a result of the action taken by the Government to check rise in prices, prices have stabilized.

(b) : Does not arise.

(c) and (d) : As regards wheat, Government has decided to import 35 lakh tonnes of wheat at zero customs duty. Further, imports of wheat have been allowed freely upto 31.12.06 and import duty has been reduced to 5%. Import duty on white sugar has been reduced to zero upto 30.9.06 and exports of sugar have been disallowed till the end of the financial year. With respect to pulses, imports have been allowed at zero duty upto 31.03.07 and exports have been disallowed upto 31.3.07. Revenue implications on account of allowing duty free imports of pulses is estimated at about Rs.230 crores in the remaining part of the year.

(e) and (f): Under the 'Prevention of Black-marketing and Maintenance of Supplies of Essential Commodities Act, 1980', detention orders made by the State Governments are 75, 111 and 55 during the years 2004, 2005 and 2006 (upto 19.7.06) respectively. Other steps taken include advice to State Governments to initiate steps to ensure availability of essential commodities , at reasonable prices.

Steps taken by the Forward Markets Commission, regulator of commodity futures trading, to curb unhealthy speculation in respect of wheat are
(i) increase in margin in wheat to a minimum of 10% on 23.6.06;
(ii) an additional margin of 10% on longs was also imposed with effect from 28.6.06;
(iii) reduction by 50% of the existing limits on open positions with effect from 27.6.06; reduction in the aggregate limits on all the ongoing contracts from 80,000 tonnes to 40,000 tonnes for a member and from 20,000 tonnes to 10,000 for clients, reduction in the limits for near month contracts for wheat by 50% of the existing limits to 8,000 tonnes for a member and 2,000 tonnes for clients.

(iv) increase in the cooling off period to 30 minutes from the existing 15 minutes per day.